

Necessary Steps

Today, we are in the process of moving in a new direction with the major health service programs of this country. Consistent with the Administration's determination to confront the issue of inflation directly and forcefully, the Public Health Service is taking a number of necessary steps to reduce inflationary pressures in the health care system.

We are reviewing all programs that receive Federal funds, and we are making judgments about their effectiveness and relative importance. In most cases, we are reducing funding to what we believe are essential levels; in some cases, Federal support will not be continued beyond the current fiscal year. This priority- and budget-setting exercise is difficult, but it is an essential part of the effort that all elements of Government have been asked to make to reduce Federal spending and, thereby, to reverse the course of inflation. Reduced inflation will result in enhanced effectiveness of public health expenditures.

Another way in which the Public Health Service intends to cut spending and fight inflation—*without in any way impairing the effectiveness of public health programs*—is to return to State governments the primary responsibility for delivering vital public health services. Central to this approach is our proposal to consolidate some 25 categorical grant programs into two

State block grants—one for basic health services and the other for preventive services. We believe that combining these complex and often overlapping grants into two State-administered packages will substantially reduce operational costs, allow more efficient integration of services at the local level, and stimulate more competition among health care providers—competition that should, in turn, help to reduce still further the costs of health care.

A most important step in the direction of better health with less Federal intervention is our decision to place the concept of prevention at the very top of this nation's health agenda. We know that preventive health programs cost less, in both economic and human terms, than measures that are strictly curative or rehabilitative. Our childhood immunization and hypertension control programs, to mention just two from among many, prove the point. As a result of these efforts and others, we are, today, experiencing lower death rates from stroke and cardiovascular disease, and we are witnessing dramatic declines—in some cases, the virtual disappearance—of most of the diseases of childhood.

The emphasis that we intend to place on prevention, together with our proposals for reducing spending and for relinquishing program responsibilities to the States, will influence the course of public health in this country for years to come.

In taking these necessary steps, which is to say, by entrusting a greater measure of responsibility for the health care system to those who will benefit the most from its preservation and improvement, we reaffirm not only our commitment to a healthy America but our belief in the principle that government serves best when it is of and by the people.

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